

INVESTMENT POLICY & GUIDELINES TOWN OF HEMPSTEAD INDUSTRIAL DEVELOPMENT AGENCY

SCOPE

This investment policy applies to all moneys and other financial resources of the IDA available for investment.

OBJECTIVES

The primary objectives of the Town of Hempstead Industrial Development Agency's (hereafter TOHIDA) investment policies are:

- To conform with all applicable federal, state, town and other legal requirements (legal)
- To adequately safeguard principal (safety)
- To provide sufficient liquidity to meet all operating requirements (liquidity)
- To obtain a reasonable rate of return (yield)

DELEGATION OF AUTHORITY

The TOHIDA board's responsibility for administration of the investment program is delegated to the Executive Director pursuant to resolution by the board. The Executive Director, with the assistance of the Investment Committee, establishes written procedures for the operation of the investment program consistent with these investment guidelines. Such procedures shall include an adequate internal control structure to provide a satisfactory level of accountability based on a database or records incorporating description and amounts of investments, transaction dates and other relevant information and to regulate the activities of subordinate employees.

PRUDENCE

All participants in the investment process shall seek to act responsibly as custodians of the public trust and shall avoid any transaction that might impair public confidence in the TOHIDA to operate effectively.

Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the safety of the principal as well as the probable income to be derived.

All participants involved in the investment process shall refrain from personal business activity that could conflict with proper execution of the investment program, or which could impair their ability to make impartial investment decisions

DIVERSIFICATION

It is the policy of the TOHIDA to diversify its deposits and investments by financial institution, by investment instrument, and by maturity scheduling.

INTERNAL CONTROLS

Subject to Investment Committee and Board approval, The Executive Director is responsible for establishing and maintaining an internal control structure to provide reasonable assurance that deposits and investments are safeguarded against loss from unauthorized use or disposition, that transactions are executed in accordance with the board's authorization and recorded properly, and are managed in compliance with applicable laws and regulations.

DESIGNATION OF DEPOSITORIES

All banks and trust companies authorized for the deposit of monies by the Town of Hempstead.

COLLATERALIZING OF DEPOSITS

In accordance with the provisions of General Municipal Law, §10, all deposits of TOHIDA, including certificates of deposit and special time deposits, in excess of the amount insured under the provisions of the Federal Deposit Insurance Act shall be secured:

1. By a pledge of "eligible securities" with an aggregate "market value", or provided by General Municipal Law, §10, equal to a 110% of the aggregate amount of deposits.
2. By an eligible "irrevocable letter of credit" issued by a qualified bank other than the bank with the deposits in favor of the TOHIDA for a term not to exceed 90 days with an aggregate value equal to 140% of the aggregate amount of deposits and the agreed upon interest, if any. A qualified bank is one whose commercial paper and other unsecured short-term debt obligations are rated in one of the three highest rating categories by at least one nationally recognized statistical rating organization or by a bank that is in compliance with applicable federal minimum risk-based capital requirements.
3. By an eligible surety bond payable to the TOHIDA for an amount at least equal to 100% of the aggregate amount of deposits and the agreed upon interest, if any, executed by an insurance company authorized to do business in New York State whose claims – paying ability is rated in the highest rating category by at least two nationally recognized statistical rating organizations.
4. In lieu of, or in addition to, the deposit of eligible securities, the officers making a deposit may, in the case of an irrevocable letter of credit issued in favor of the local government by a federal home loan bank whose commercial papers and other unsecured short-term debt obligations are rated in the highest rating category by a least one nationally recognized statistical rating organization, accept such letter of credit payable to such local government as security for the payment of 100% of the

aggregate amount of public deposits from such officers and the agreed upon interest, if any.

SAFEKEEPING AND COLLATERALIZATION

Eligible securities used for collateralizing deposits shall be held by (the depository and/or a third party) bank or trust company subject to security and custodial agreements.

The security agreement shall provide that eligible securities are being pledged to secure TOHIDA deposits together with agreed upon interest, if any, and any costs or expenses arising out of the collection of such deposits upon default. It shall also provide the conditions under which the securities may be sold, presented for payment, substituted or released and the events, which will enable the TOHIDA to exercise its rights against the pledged securities. In the event that the securities are not registered or inscribed in the name of the TOHIDA, such securities shall be delivered in a form suitable for transfer or with an assignment in blank to the TOHIDA or its custodial bank.

The custodial agreement shall provide that securities held by the bank or trust company, or agent of and custodian for, the TOHIDA, will be kept separate and apart from the general assets of the custodial bank or trust company and will not, in any circumstances, be commingled with or become part of the backing for any other deposit or other liabilities. The agreement should also describe that the custodian shall confirm the receipt, substitution or release of the securities. The agreement shall provide for the frequency of revaluation of eligible securities and for the substitution of securities when a change in the rating of a security may cause ineligibility. Such agreement shall include all provisions necessary to provide the TOHIDA a perfected interest in the securities.

PERMITTED INVESTMENTS

As authorized by General Municipal Law, §11, the TOHIDA shall authorize the Executive Director to invest moneys not required for immediate expenditure for terms not to exceed its projected cash flow needs in the following types of investments:

- Special time deposit accounts
- Certificates of deposit
- Obligations of the United States of America
- Obligations guaranteed by agencies of the United States of America where the payment of principal and interest are guaranteed by the United States of America
- Obligations of the State of New York

Resolution #022-2015
Adopted: March 24, 2015
Aye: 6
Nay: 0